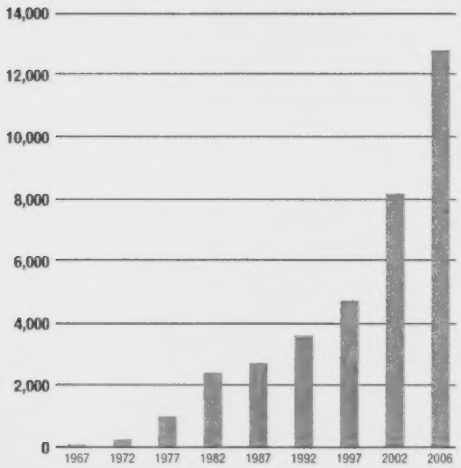
Annual Report 2006

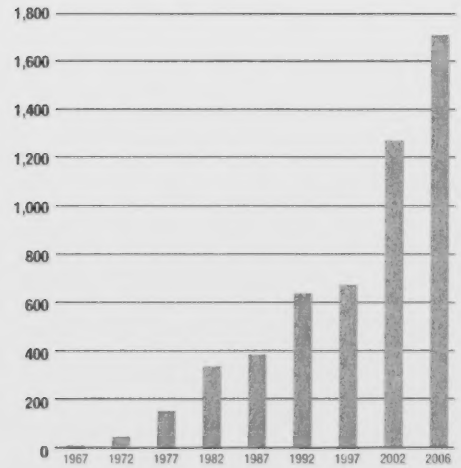
Alberta Credit Union System Assets

(millions of dollars)



Alberta Central Assets

(millions of dollars)



Annual Report 2006

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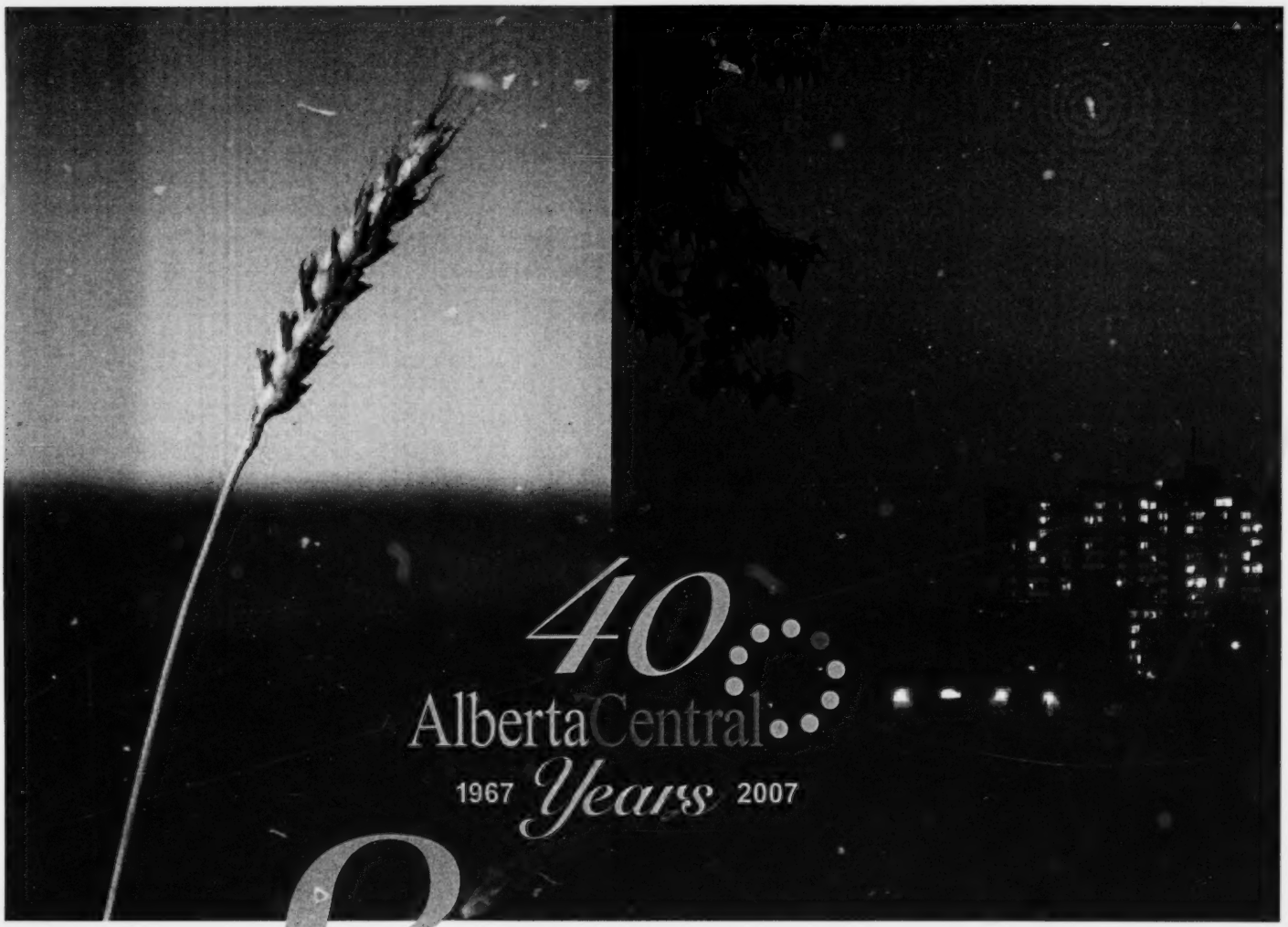
With this year's annual report, Alberta Central marks its 40th anniversary. From its inception in 1967 until present, Alberta Central has been committed to strengthening the place of credit unions in the Albertan and Canadian economies by providing credit unions and their members with a wide range of market-leading products and services, both directly and through its affiliates. Working side by side with our member credit unions, we have built a cohesive provincial system, survived the economic crisis of the 1980s, embraced the technological revolution, and transformed our system from a small grassroots movement into a sophisticated network of best-of-class financial institutions. Meanwhile, Alberta Central's assets grew by 250 times, and its profits by 190 times. Congratulations to Alberta Central, and all the best for the next 40 years!

2006 has been the best year our system and Alberta Central have enjoyed from both growth and profitability standpoints. This performance follows on many successive years of record growth in memberships, assets, return on assets and dividends. As I was preparing these comments, I was surprised when I calculated that I have been the President & CEO of Alberta Central for more than half of its 40 year existence. Those years involved a lot of hard work; they were sometimes tumultuous, always challenging, but ultimately gratifying. Our people have developed into leaders, our system has grown and prospered, and together we have built a tremendous foundation for the future. We can all be proud of these achievements.

G. Penny Reeves
Chair of the Board

40 AlbertaCentral 1967 Years 2007

Jim Scopick
President & CEO



Embracing

An anniversary is a perfect opportunity to look back at the beginning, as well as a chance to look forward to what the future has in store. Alberta Central's 40th anniversary is no exception. Today, we can not only celebrate the achievements of the past year, but also reflect on where we have come from and how we have developed since 1967, when the Credit Union Federation of Alberta (renamed Credit Union Central Alberta in 1978), was formed.

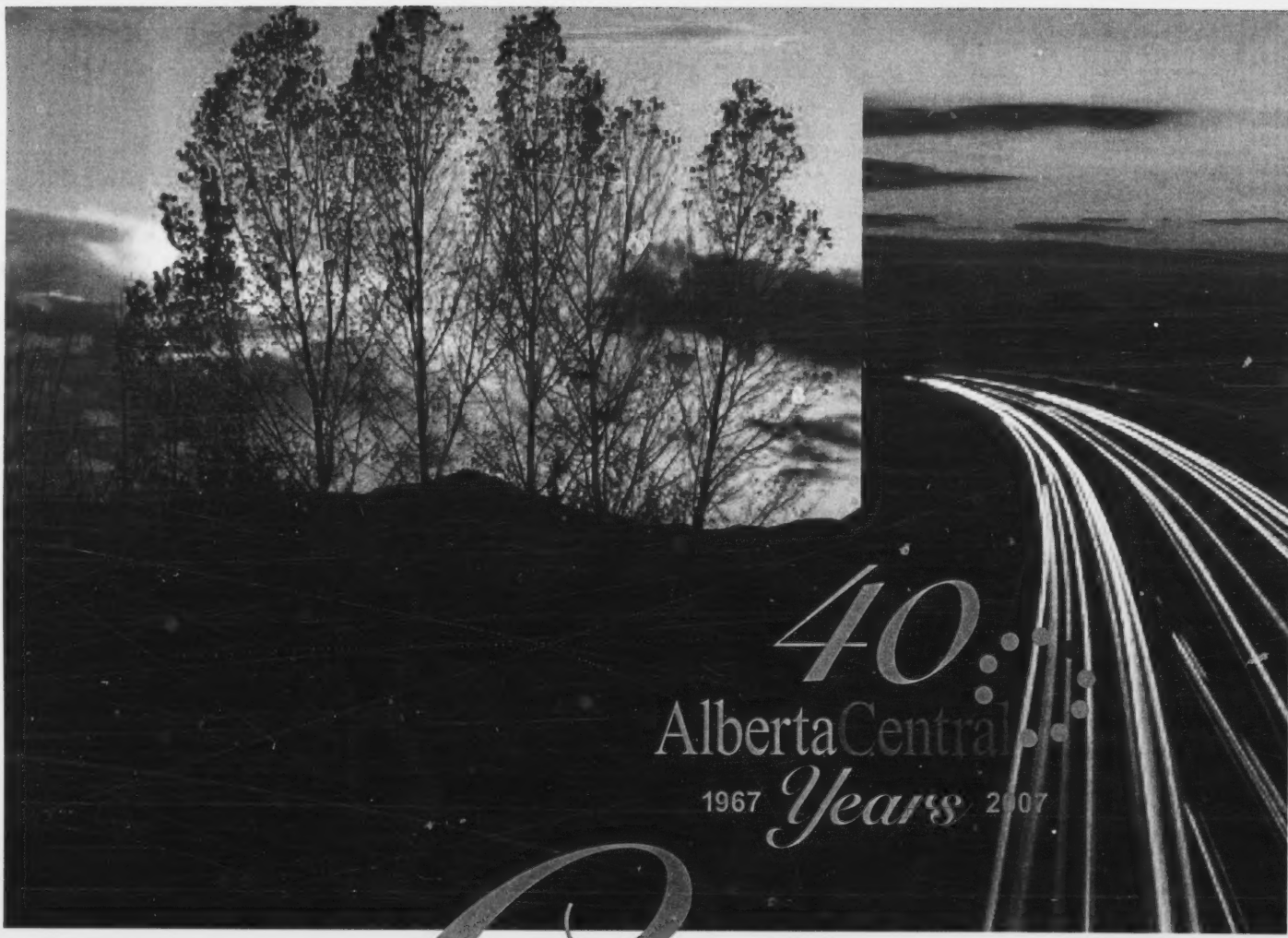
The financial services sector has seen tremendous change over the past 40 years. The emergence of new competitors, evolving consumer needs, new legislative developments, and the changing political environment have notably transformed the landscape of the industry. Technological advances have had a powerful impact on financial services, affecting every aspect of banking and fundamentally changing the way our business is conducted.

During these times of rapid change, Alberta Central has kept pace with the evolving marketplace, continually investing effort and resources in new projects and initiatives, and helping Alberta credit unions remain at the forefront of technology. The transformation experienced by our

Change

system since the inception of Alberta Central is truly remarkable. From serving 200 credit unions with $85 million in assets to supporting 49 best-in-class financial institutions with assets amounting to $12.8 billion, from forming the CUDATA Co-operative to provide the first data processing service for Alberta credit unions to creating Celero Solutions to develop a next generation retail banking platform in the prairies, from utilizing a main processor rented from the United Farmers of Alberta to becoming industry leaders in chip card technology implementation, Alberta Central, its strategic partners, and Alberta credit unions have come a long way over the past 40 years.

In this context of change, growth and opportunity, Alberta Central and its strategic partners continue to work together to provide credit unions and their members with the best possible service. Our anniversary is a celebration of a time-honoured commitment to service excellence, innovation, and, most of all, cooperation—a truly remarkable and longstanding partnership between Alberta Central, its affiliates and joint ventures, and its valuable clients and owners, Alberta credit unions.



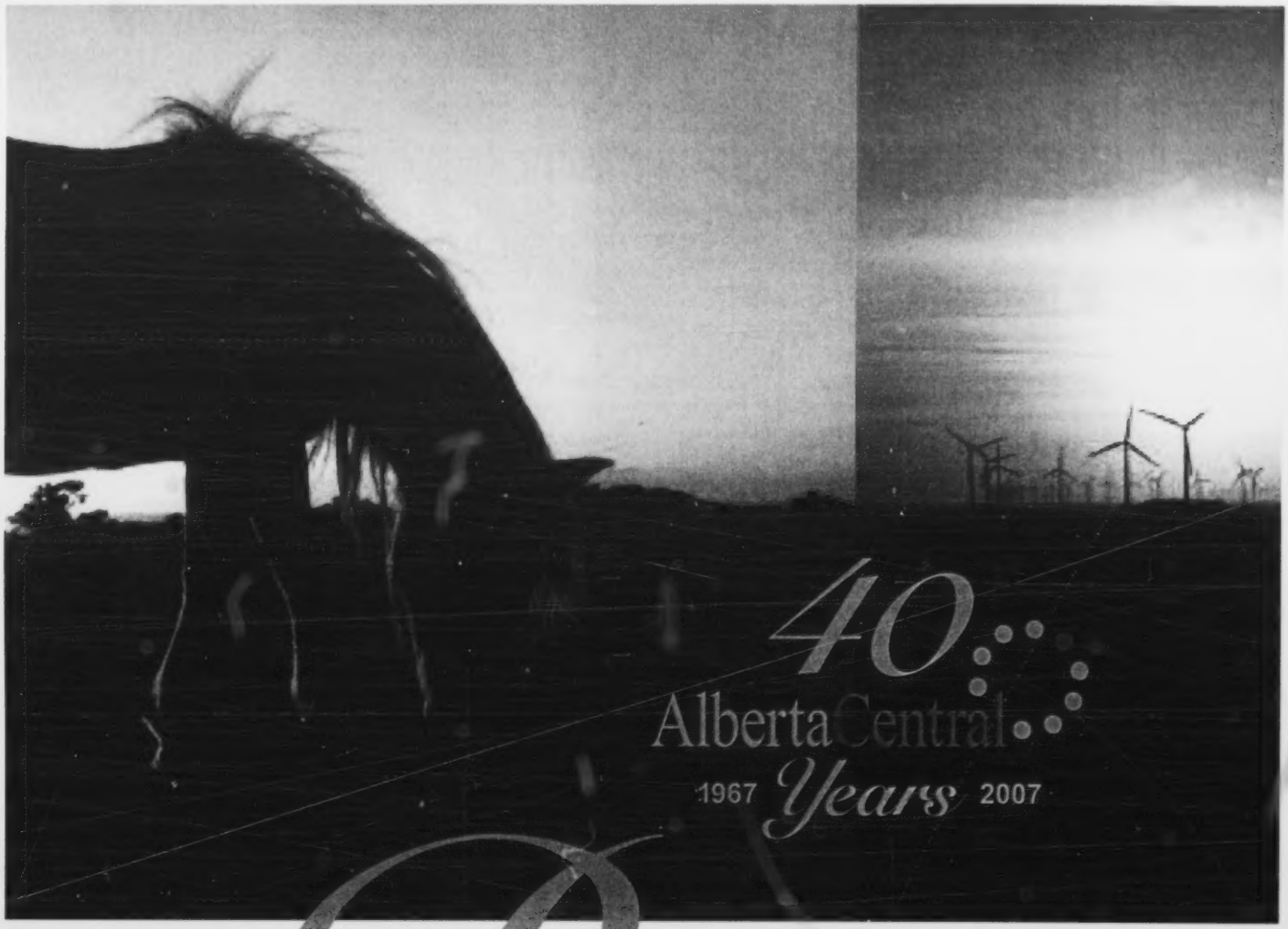
Creating

2006 was another stellar year for Alberta Central and Alberta credit unions. Credit union assets increased by 17%, taking system growth and profitability to an all-time high. Both Alberta Central and Alberta credit unions achieved record earnings and remarkable capital base growth, further solidifying their role in the booming Alberta economy.

While reaching new milestones in its financial achievements, the credit union system gave back to Albertans. In 2006, credit unions contributed over $3.2 million to charitable causes through sponsorships, donations, scholarships and fundraising, and dedicated countless volunteer hours to the betterment of their communities.

a Legacy

Commitment to members, responsible governance, support of local communities, and unrelenting focus on people and service—these are the values and principles which our system was built upon, and which will continue to guide our success in the future. The next 40 years of progress in the financial services industry are certain to present many challenges to the credit union system. Armed with the philosophy of mutual cooperation, professionalism, commitment, partnership and innovation, Alberta credit unions, Alberta Central and its partners are well positioned to seize the opportunities and deal with the challenges of the future.



Building

Alberta Central is a member-focused, performance-driven organization dedicated to providing high-quality financial and support services to Alberta's 49 credit unions. Central's mission is:

"We support credit unions in meeting the expectations of members, through the leadership and excellence of our people, products, and services."

Through its knowledgeable and dedicated staff and its strategic partners, Central delivers a wide range of support to Alberta credit unions. Alberta Central's key role is to perform the functions of a central banker, providing investment, lending, and statutory liquidity services for member credit unions. Alberta Central represents credit union interests to the provincial and federal governments, strategic partners, and public audiences, and facilitates communication and joint strategy development within the system, while ensuring member

the Future

participation in setting and implementing system strategic direction. Central's joint venture partners offer credit unions innovative solutions and programs in the areas of business consulting, payment and statement services, information technology, card and merchant services, wealth management, insurance, and trust services.

Alberta Central's asset base is $1.7 billion. Central's continually strong financial performance is a function of the expertise and dedication of its employees, its close working relationship with credit unions, its success in forging strategically sound alliances with competent and committed partners, and its solid track record of managing a profitable investment and loan portfolio while maintaining a low risk profile.

2006 HIGHLIGHTS

Alberta Central continually looks for new ways to provide enhanced services to credit unions to meet their quest for growth and success. In the past year, Central and its strategic partners undertook a number of business initiatives aimed at supporting credit union achievements in 2006.

Government Relations

During 2006, Alberta Central worked with credit unions to brief MLAs on legislative changes required by the system to enhance competitive powers. The legislative issues that credit unions worked to advance in 2006 address important new competitive business powers, including the ability to own insurance brokers and the power to engage in auto leasing. Credit unions are also seeking modification to their capital rules to reflect provisions of the Basel II Capital Accord—a new capital standards framework that introduces a number of changes in the risk weighting approach for loan assets in financial institutions.

A new free trade accord between the governments of Alberta and British Columbia introduced another legislative issue for the credit union system's consideration: a disparity in business powers between Alberta and BC credit unions, which may result in an unfair competitive playing field. Alberta Central and Alberta credit unions will work to address these disparities prior to the free trade accord taking effect.

At the national level, Alberta Central participated in a review of the CCA Act (the legislation governing national financial cooperatives) and in the development of a proposal for amendments that introduce more flexibility to accommodate future credit union restructuring.

Treasury

The investment portfolio is a key component of the financial structure of the provincial credit union system. It is managed by Alberta Central's Treasury Department within policy guidelines designed to provide maximum liquidity while generating market returns for investment grade credits. The investment portfolio ended the year at $1.4 billion, reflecting an increase of 5.85% over the year end portfolio balance.

The volume of foreign exchange generated by Alberta credit unions reflected the explosive growth of credit union assets. U.S. dollar deposits grew in excess of 50% over the course of the year. During 2006, the Treasury Department released a dynamic web-based foreign exchange platform developed with the assistance of Celero Solutions. This new pricing instrument is the first of its kind in the prairie credit union system, and its release will help Alberta credit unions both improve service to their existing members and compete aggressively for new business.

To satisfy credit union members' demand for quality investment products with the potential for higher returns, and to assist credit unions in attracting long term deposits at a reasonable cost, Alberta Central's Treasury Department developed innovative Performance products for the 2006 RSP season, including Performance Commodity—a

new product that provides a return based on the price performance of a basket of five commodities, thereby allowing credit union members a unique opportunity to diversify their portfolios. This product proved to be very popular with credit union members, with sales in excess of $10.2 million. Total sales of Performance products exceeded $15 million in 2006.

Lending Services

Alberta Central's loan program has recently undergone a major change, including reduction of interest rates on lines of credit and introduction of a new program for term loans. These changes were captured in new commitment letters issued to all credit unions in 2006, and clearly benefited all member credit unions. Lines of credit approved and available to Alberta credit unions over the course of the year totalled $659 million, and term loans totalled $301 million.

Alberta Central's loan syndication program continues to be a successful and popular vehicle to help credit unions manage excess liquidity, especially as credit unions grow and take on larger transactions within their communities. In 2006, Central facilitated syndication of loans totaling $110 million. Mortgage pool activity also showed a significant increase from 2005.

Throughout the year, Alberta Central's Lending Department supported credit union operations with a number of other initiatives. The national Small and Medium Size Enterprise (SME) strategy that was launched in early 2007 was a focus of the Lending Department's business in 2006. Central played a very active role in the evolution of the SME strategy and continues to represent Alberta credit unions' interests on the National Lenders' Committee. Other activities included multiple training events, coordination of a system-wide enterprise risk management strategy, facilitation of Credit Union Lenders' Association work and the Lenders' Discussion Forum, and updates to the manuals program, particularly an introduction of an important business continuity section.

Democracy and Communication

Alberta Central's Democracy and Communication Department had a busy year in 2006. The World Council of Credit Unions (WOCCU) will be holding its international conference in Calgary July 29th – August 1st, 2007, and Alberta Central has been working with the World Council organizers to facilitate local involvement and volunteer participation from Alberta credit unions. The Democracy and Communication Department continues to represent Alberta Central and Alberta credit unions on various committees and associations, such as the Youth Advisory Committee of the Alberta Community and Co-operative Association (ACCA), and participates in fundraising activities on behalf of the credit union system.

Central Purchasing

In addition to focusing on providing quality products and services to the Alberta credit union system, Central Purchasing continued efforts to cultivate new business and strengthen relationships with key system clients such as Credential Financial Inc., Celero Solutions, Everlink, CUSource, CUPS Payment Services and CUETS. Sales to clients other than Alberta credit unions represented 55% of the department's total revenue for 2006. Central Purchasing remained committed to collaborating with other prairie Centrals to reduce product costs to credit unions, and undertook significant efforts in 2006 to share information and consolidate purchases with SaskCentral.

Celero Solutions Inc.

Celero Solutions was created to help its clients thrive in the highly competitive Canadian financial services marketplace, where the effective use of information technology is a key success factor.

The merging of five technology teams into one company will create economies of scale while enhancing service levels and time to market.

In March 2006, Celero's management committee hired Dan Delaloye as the new CEO. Dan's initial steps were to create a change-focused leadership team, to chart a new strategic course for Celero, and to craft a vision reflecting Celero's opportunities and ambitions. This resulted in a simple statement of Celero's future:

CELERO is the leading provider of technology solutions to the financial industry that...

... others aspire to be
... people want to work for
... clients know they can rely upon

Celero has undertaken a total appraisal of its structure, formed a new executive leadership team, added robust marketing, sales and strategic management functions, and moved decision-making closer to the points of customer interaction. Following the restructuring, Celero continued to reshape itself through a new planning process, whereby the entire organization is engaged in crafting strategies for achieving Celero's vision. Through the engagement process, all of Celero's 26 work teams participated in developing a consolidated, prioritized slate of strategic initiatives with measures of success for each. This process placed Celero firmly on the path to success with a clear focus on three strategic imperatives: to develop a culture of performance and engagement, to deliver service excellence, and to build profitable growth.

One of the principal reasons for creating Celero was to deliver a common, affordable, next generation retail banking system to prairie credit unions. Delivering on that goal began in 2005 with the unveiling of Celero's new eroWORKS® Retail Banking solutions family. In 2006, Celero launched *Project Meta* to transition its four legacy banking platforms to eroWORKS®.

This is the largest and most complex technology project ever undertaken within the credit union system. Celero is developing its transitional strategies to ensure that the existing systems continue to function at high levels of reliability while an entirely new infrastructure is brought on-stream. Celero's position as the dominant technology supplier to credit unions received a boost in early 2006, when CEAMS credit unions in Saskatchewan decided to adopt eroWORKS® Retail Banking.

Everlink Payment Services Inc.

Everlink Payment Services Inc. is a leading electronic transaction switching provider that specializes in gateway transaction switching, ATM driving and monitoring, and debit card processing. Everlink was created as a collaboration between Celero Solutions and NYCE Corporation (subsequently acquired by Metavante Corporation).

On December 31, 2005, Everlink acquired CGI's transaction switching business for Canadian credit unions, banks, and independent sales organizations. Everlink now serves substantially all of the Canadian credit union market.

One of the main benefits of this acquisition was consolidation of hardware, infrastructure, and software. During 2006, Everlink devoted considerable energy to merging the CGI business into its own operations. With this acquisition, Everlink has become a self-sufficient business.

Everlink exceeded its financial target for 2006, but its main achievement has been to reduce credit unions' switching costs by 40%, a national savings of $30 million per year.

CU Electronic Transaction Services (CUETS)

In 2006, CUETS worked toward chip card readiness, developed new card products and features, and partnered with credit unions to achieve mutually beneficial card account growth. The focus of the merchant business was on growing the merchant account base, increasing marketplace promotion

of Unified Network Payment Solutions (UNPS), and introducing new terminal products. CUETS' Integrated Support Services division concentrated on developing chip card and debit fraud management services to support credit unions' service needs.

With 25 years of experience in providing proven card payment systems and industry-recognized customer service programs, CUETS is keenly aware of the ever-evolving nature of financial services, and has proven itself a leader in the industry's migration to chip card technology. To establish and maintain a presence in chip card development, CUETS created a Chip Project Team, dedicated solely to chip card strategies and partnerships. The team has established a Credit Union Chip User Group and Market Trial Working Group, and maintains close relationships with credit union representatives.

In July 2006, CUETS and Everlink publicly announced an alliance to provide a comprehensive suite of chip products and services to meet the needs of credit unions.

CUETS has continued to work closely with the credit union system's Chip Strategy Task Force. The CUETS Chip Project Team is collaborating with the industry's Multilateral Chip Trial Steering Committee to trial chip technology in the Kitchener-Waterloo area of Ontario in the first quarter of 2008.

Currently, CUETS is in the process of being approved as a federally regulated financial institution, with an implementation target date early in 2007. Once approved, the change will enable CUETS to consolidate its operations for better efficiency and accommodate future business growth.

CUPS Payment Services

In 2006, CUPS continued the necessary preparatory efforts in support of the Truncation and Electronic Cheque Presentment (TECP) project, a major initiative amongst direct clearers in Canada led by the Canadian Payments Association (CPA). This involved software enhancements, upgrades and testing to prepare for back office changes which will occur as a result of the elimination of physical cheque exchange and return.

Throughout the year, CUPS continued to offer innovative and cost-competitive services to help credit unions differentiate themselves in the marketplace and gain a competitive position for the future. A new initiative referred to as Payment System Interface was embarked upon, which expands CUPS' ability to deliver more comprehensive and increasingly efficient electronic-based services to credit unions and their members. CUPS is now leveraging this initiative to support several new service offerings to credit unions, such as provincial and federal government bill payment services.

On the agenda for the future are Internet-based funds transfer services, currently under development.

Service enhancements were implemented in the area of image archival and research, and a new Image Cheque Page Package Service was introduced to offer an alternative statement processing option for smaller credit unions. In addition, significant efforts were put forth in supporting various credit unions in their banking system conversion and amalgamation activities.

In 2007 and beyond, CUPS anticipates that the payments environment will continue its evolution from paper-based to electronic products and services. CUPS is determined to take proactive steps to position credit unions to remain leaders within the image-based processing environment. Specific plans include achieving full TECP readiness ahead of schedule, and offering a document imaging and management solution and e-statement services to credit unions. CUPS will also continue to pursue additional external business opportunities and source new markets to leverage infrastructure investments, reduce fees to credit unions, and thus sustain the collective success as a co-operative system in what is currently a highly competitive and ever-changing payments environment.

Alberta Credit Union System

The Alberta credit union system is comprised of 49 credit unions and Alberta Central. The system serves over 660,000 members through its 209 branches, a province-wide network of automated teller machines, and online banking. The Alberta credit union system had a year of outstanding growth, ending the year with assets of $12.8 billion. The system's capital base experienced strong growth of 10.3% in 2006, and membership growth continued its upward trend. Alberta credit unions demonstrated superior financial performance in 2006 by reaching $140 million in net income before taxes and dividends, while continuing to focus on maintaining a high level of member satisfaction.

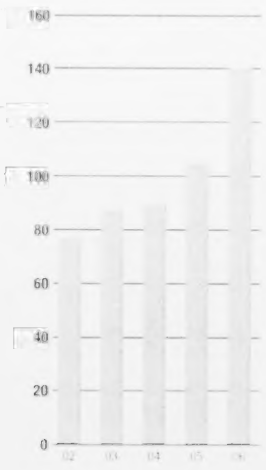
Alberta Credit Union Earnings

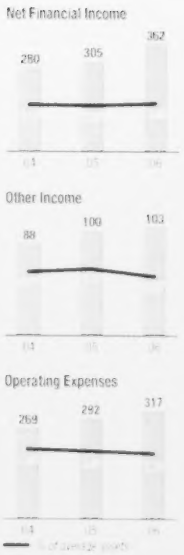
Credit unions surpassed the 2005 record results with an impressive $140 million in earnings before tax and dividends, compared to the previous year's $105 million (Chart 1). Financial margin increased slightly to 3.08% of average assets from 2.96% in 2005. Other income declined to 0.87% of average assets from 0.97% the previous year. The decline in this ratio was due to strong asset growth in the system in 2006. This growth helped improve efficiencies, as the cost of operating expenses as a percentage of average assets improved from 2.84% in 2005 to 2.70% in 2006. Credit union expenses for loan losses decreased to 0.07% in 2006 from 0.08% in 2005. Total delinquency fell considerably in 2006 to 0.26% from 0.50% in the previous year.

Chart 1

Alberta Credit Unions' Earnings

millions of dollars





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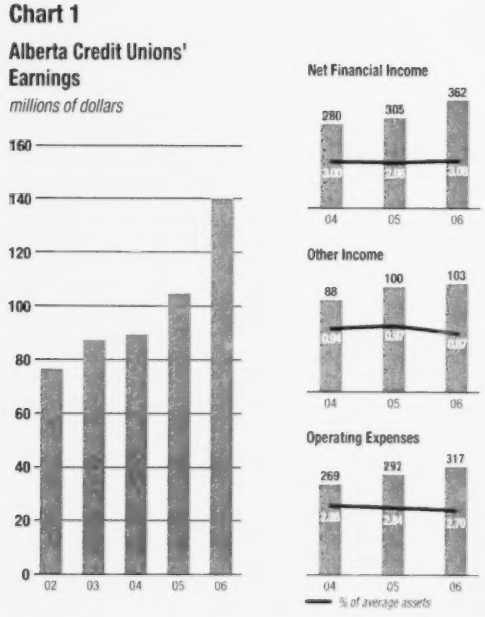


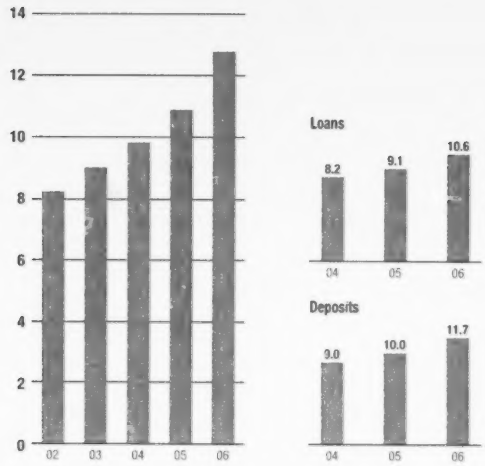
Credit Union Assets

Credit union assets grew by 17% during the year, reaching $12.8 billion as of October 31, 2006 (Chart 2). Deposit growth of $1.72 billion exceeded loan growth of $1.56 billion as system liquidity levels continued to improve. The largest loan growth occurred in the residential mortgage category, which increased by almost $1 billion, or 20.5%. Residential mortgages represent 53.2% of total system loans. The most significant growth in deposits was in demand deposits, which increased by $859 million, or 23.5%. The effect of deposit growth outpacing loan growth for credit unions was that total non-statutory deposits at Central increased by $20.2 million during the year.

Chart 2

Alberta Credit Unions' Assets

billions of dollars



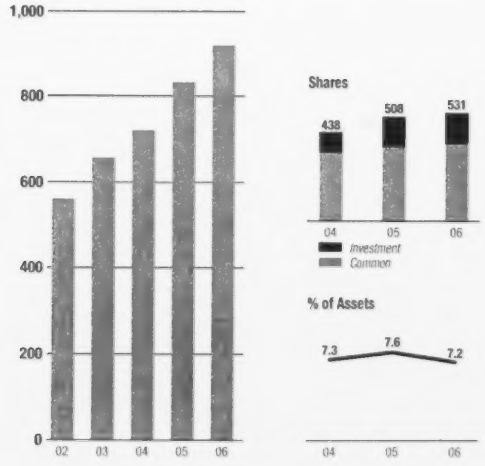
Credit Union Equity

The strong performance of Alberta credit unions in 2006 was also reflected in growth in equity. Total equity increased $86 million, from $834 million in 2005 to $920 million in 2006. As a result of extremely strong asset growth in the system, equity as a percentage of total assets fell from 7.6% in 2005 to 7.2% in 2006 (Chart 3). The retained earnings component of equity increased $64 million to $389 million at the end of 2006.

Chart 3

Alberta Credit Unions' Equity

millions of dollars



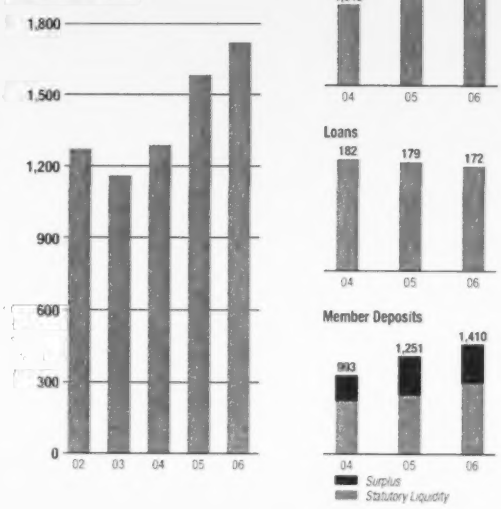
Alberta Central Assets

Alberta Central's assets increased in 2006, continuing the strong growth seen last year. Consolidated assets closed the year at $1.71 billion, up from $1.58 billion in 2005 (Chart 4). Improved credit union liquidity levels were the most significant contributor to Central's asset growth. This improvement in liquidity resulted in credit union deposits in Central increasing by 12.7% over the previous year to $1.41 billion. The effect on Alberta Central's assets was an increase in total investments from $1.32 billion at the end of 2005 to $1.41 billion at the end of 2006. In contrast, total loans decreased slightly from $179 million in 2005 to $172 million in 2006.

Chart 4

Alberta Central Assets

millions of dollars

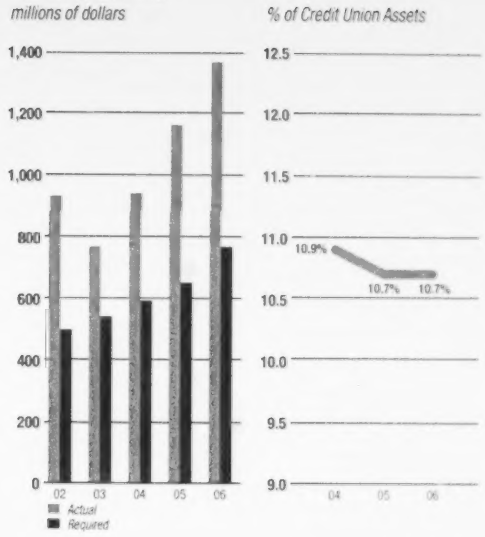


Operating Liquidity

The improvement in system liquidity translates to an increase in Alberta Central's liquidity as exhibited in Chart 5. Alberta Central monitors its liquidity level to ensure that the statutory requirement of liquid assets of at least 6% of credit union system assets is maintained, and to ensure that sufficient funds are in place to meet the needs of credit union members' clearing requirements. The statutory requirement was exceeded by $600 million at the end of 2006.

Chart 5

Alberta Central
Operating Liquidity

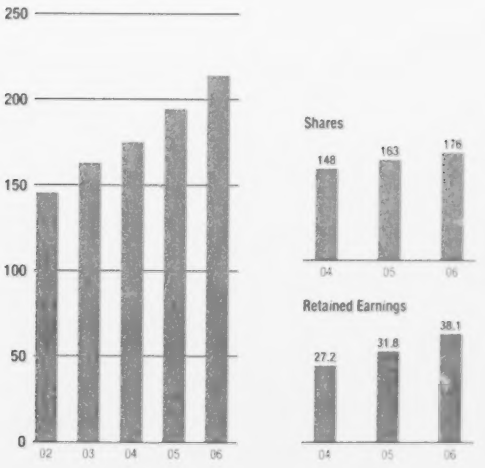


Members' Equity

Members' equity increased to $214 million at December 31, 2006 as compared to $194 million at the end of 2005 (Chart 6). The majority of this growth was through common shares, which grew by $13.9 million in 2006. Credit unions will now be required to maintain 1% of previous year end assets in common shares. Retained earnings grew by $6.3 million to $38.1 million.

Chart 6

Alberta Central
Members' Equity

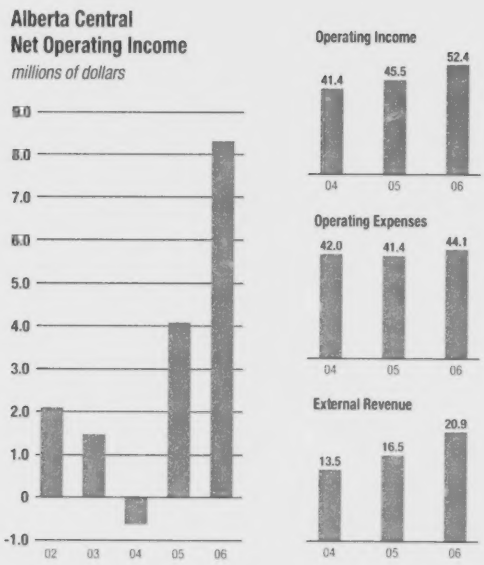


Net Operating Income

Alberta Central's operating revenues and expenses arise from Alberta Central's own operations plus the proportionate share of the operating revenues and expenses of its joint ventures. A goal of Alberta Central is to generate a positive net operations position. The majority of Central's net operating results currently stem from the joint ventures in which Central participates. Alberta Central's share of the following joint ventures is included in the consolidated results: CU Electronic Transaction Services, CUPS Payment Services, and Celero Solutions. Net operations had another strong year with a positive result of $8.3 million in 2006 compared to $4.1 million in 2005 (Chart 7).

In 2006, total operating revenue rose to $52.4 million from $45.5 million in 2005, and total operating expenses increased to $44.1 million from $41.4 million in the previous year. Strong financial performance from our joint ventures helped contribute to the rise in net operating revenue for Central in 2006.

Chart 7

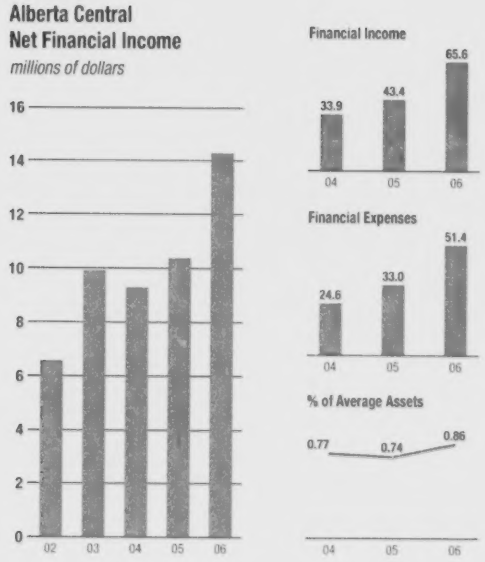


Net Financial Income

The average prime interest rate increased by 136 basis points in 2006, and the average three month Bankers Acceptance rate was 135 basis points higher than in 2005. The rise in interest rates, along with growth in the investment portfolio balance, contributed to the higher level of financial income and expenses in 2006 as shown in Chart 8. Net financial income before provisions increased from $10.4 million in 2005 to $14.3 million in 2006.

Chart 8

Alberta Central
Net Financial Income
millions of dollars



Earnings and Distributions

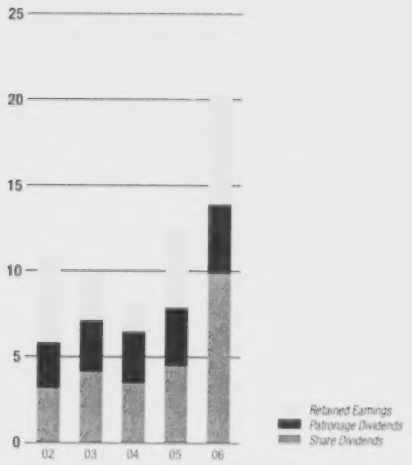
Chart 9 provides a history of Alberta Central's earnings and dividend distributions over the last five years. In 2006, share dividends were paid out at prime (2005 – prime minus 1.5%). Historically, the changes in common share dividends are a function of changes in the prime rate along with changes in common share balances, with changes in prime being the more significant factor. Share dividends for 2006 were $9.9 million. In the last five years, share dividends have totalled $25.2 million.

The patronage distribution for 2006 was $4 million compared to $3.3 million in 2005. This represents a rebate of 8.1% on all products and services credit unions purchased from Alberta Central, plus a bonus of 8.0 basis points on deposits and a rebate of 8.0 basis points on loans. In the last five years patronage dividends have totalled $16 million.

The combination of share and patronage dividends represents 67% of total after tax earnings for the last five years.

Chart 9

Alberta Central
Earnings Distribution
millions of dollars



Alberta Central

2006 Consolidated Financial Statements

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Management's Responsibility for Financial Reporting

The financial statements of Credit Union Central Alberta Limited (Alberta Central) were prepared by management, who are responsible for the integrity and fairness of the data presented. Generally accepted accounting principles have been applied and management has exercised its judgement and made best estimates where deemed appropriate. Financial information appearing throughout this annual report is consistent with the financial statements.

Alberta Central's accounting and related financial controls are designed, and supporting procedures maintained, to provide reasonable assurance that the financial records are complete and accurate, and that assets are safeguarded against loss from unauthorized use or disposition. These supporting procedures include the careful selection and training of qualified staff, the establishment of organizational structures providing a well-defined division of responsibilities and accountability for performance, and the communication of policies and guidelines of business throughout Alberta Central. The system of internal controls is further supported by a professional staff of internal auditors who conduct periodic inspections of all aspects of Alberta Central's operations.

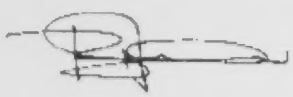
Both the federal and provincial regulators of financial institutions conduct examinations and make such enquiries into the affairs of Alberta Central as they may deem necessary to satisfy themselves that the provisions of the appropriate legislation are being duly observed and that Alberta Central is in sound financial condition.

The Audit and Finance Committee of the Board of Directors, composed entirely of outside Directors, reviews the financial statements before such financial statements are approved by the Board of Directors and submitted to the members of Alberta Central. The Committee reviews the audit plans of the internal and external auditors, the results of their audits and management's response to any identified recommendations for improvements in internal control. The Committee is also responsible for recommending the appointment of the external auditors to the Board of Directors.

PricewaterhouseCoopers LLP, the independent auditors, have examined the financial statements of Alberta Central in accordance with generally accepted auditing standards and have expressed their opinion upon completion of such examination in the following report to the members. The auditors have full access to, and meet periodically with, the Audit and Finance Committee to discuss audit matters.

February 22, 2007

J. R. Scopick
President &
Chief Executive Officer



B. J. Johnson
Executive Vice-President

Auditors' Report

To the Members of
Credit Union Central Alberta Limited

We have audited the consolidated balance sheet of Credit Union Central Alberta Limited (Alberta Central) as at December 31, 2006 and the consolidated statements of earnings and retained earnings and cash flows for the year then ended. These consolidated financial statements are the responsibility of Alberta Central's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards in Canada. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall consolidated financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of Alberta Central as at December 31, 2006 and the results of its operations and its cash flows for the year then ended in accordance with generally accepted accounting principles in Canada.

Chartered Accountants

Calgary, Alberta

February 22, 2007

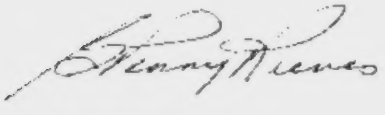
Consolidated Balance Sheet

December 31 *(thousands of dollars)*	2006	2005
ASSETS		
Cash and items in transit	**$ 110,917**	$ 50,459
Securities (Note 2)	**1,407,111**	1,323,921
Accounts receivable	**15,302**	10,567
Loans (Note 3)	**172,196**	179,059
Capital assets (Note 4)	**6,865**	8,575
Other assets	**1,651**	3,274
	$ 1,714,042	$ 1,575,855
LIABILITIES		
Accounts payable and accrued liabilities	**$ 40,130**	$ 37,813
Members' deposits (Note 5)	**1,409,558**	1,251,259
Loans and notes payable (Note 6)	**49,908**	92,438
	1,499,596	1,381,510
MEMBERS' EQUITY		
Common share capital (Note 9)	**176,376**	162,513
Retained earnings	**38,070**	31,832
	214,446	194,345
	$ 1,714,042	$ 1,575,855

Commitments (Note 15)

See accompanying notes.

Signed on behalf of the Board



G. Penny Reeves, Chair

Rene Dumas, First Vice Chair

Consolidated Statement of Earnings and Retained Earnings

Year ended December 31 *(thousands of dollars)*	2006	2005
Financial income		
Interest on securities	$ 57,801	$ 37,155
Interest on loans	7,842	6,247
	65,643	43,402
Financial expenses		
Interest on members' deposits	49,855	31,539
Interest on loans and notes	1,534	1,469
	51,389	33,008
Net financial income before provision for losses	14,254	10,394
Recovery of investment provision	160	–
Net financial income	14,414	10,394
Operating income (Note 11)	52,403	45,484
Operating expenses (Note 11)	44,102	41,381
Net operating income	8,301	4,103
Earnings before patronage dividends and income taxes	22,715	14,497
Patronage dividends (Note 13)	4,000	3,339
Earnings before income taxes	18,715	11,158
Income taxes (Note 14)		
Current income tax expense	4,458	3,289
Future income tax expense (recovery)	178	(275)
	4,636	3,014
Earnings for the year	14,079	8,144
Retained earnings, beginning of year	31,832	27,230
	45,911	35,374
Share dividends (Note 13)	(9,871)	(4,485)
Recovery of income tax on share dividends	2,030	943
Retained earnings, end of year	$ 38,070	$ 31,832

See accompanying notes.

Consolidated Statement of Cash Flows

Year ended December 31 *(thousands of dollars)*	2006	2005
Cash resources provided by (used in):		
Operating activities		
Earnings for the year	$ 14,079	$ 8,144
Items not affecting cash:		
Depreciation and amortization	3,030	3,161
Future income tax expense (recovery)	478	(275)
Recovery of investment provision	(160)	–
	17,427	11,030
Changes in non-cash operating components		
Accounts receivable	(4,735)	15,933
Other assets	1,145	(1,193)
Accounts payable and accrued liabilities	2,317	1,516
	16,154	27,286
Financing activities		
Increase in members' deposits	158,299	252,561
Increase (decrease) in loans and notes payable	(42,530)	6,152
Issuance of share capital, net of redemptions	13,863	14,781
Payment of share dividends	(9,871)	(4,485)
Reduction of income tax on payment of share dividends	2,030	943
	121,791	269,952
Investing activities		
Increase in securities	(130,171)	(276,089)
Decrease in loans	6,863	3,277
Acquisition of capital assets	(1,320)	(2,233)
	(124,628)	(275,045)
Increase in cash resources	13,317	22,193
Cash resources, beginning of year	565,930	543,737
Cash resources, end of year	$ 579,247	$ 565,930
Cash resources consist of:		
Cash	$ 81,164	$ 22,960
Cheques and other items in transit	29,753	27,499
Securities maturing within three months	468,330	515,471
	$ 579,247	$ 565,930

See accompanying notes.

Notes to the Consolidated Financial Statements

December 31, 2006

1. Significant accounting policies

The financial statements of Credit Union Central Alberta Limited (Alberta Central) have been prepared in accordance with generally accepted accounting principles in Canada including the accounting requirements of the Superintendent of Financial Institutions Canada (OSFI) and Alberta Finance. The financial statements include the accounts of Alberta Central and its proportionate share in the assets, liabilities, revenues and expenses of its joint ventures, and reflect the following policies, which conform, in all material respects to Canadian generally accepted accounting principles:

a) Securities and loans

Securities and loans are stated at cost, less any provision for losses. Discounts or premiums on purchase of securities are amortized over their remaining term. Gains and losses on disposal of securities are included in income in the year in which they occur.

b) Provision for losses

Alberta Central maintains allowances for impairment to absorb losses in its securities and loan portfolios. These allowances are determined by regular management reviews of each security and loan to identify impairment. Specific allowances are recorded to reduce the carrying amount of securities and loans to their estimated realizable values. Estimated realizable amounts are determined by discounting the expected future cash flows at the effective interest rate inherent in the securities and loans. When the amounts and timing of future cash flows cannot be reliably established, estimated realizable values are determined by reference to the fair value of any underlying security or market price for loans and securities. In addition, a non-specific allowance based on an overall evaluation of risk in the loan portfolio is made in recognition that not all losses can be identified on an item-by-item basis.

c) Equity investment

Alberta Central uses the equity method to account for an investment over which it exercises significant influence. Under this method, Alberta Central's share of the net earnings (loss) of the investment is recorded in net operating income. The book value of the investment is adjusted for the share of earnings and distributions received from the investee. Investments are written down to recognize losses in the value of the investment that are other than temporary.

d) Depreciation and amortization

Capital assets are depreciated on a straight-line basis over periods ranging from three to ten years.

e) Income taxes

Alberta Central follows the liability method of accounting for income taxes. Under this method, future tax assets and liabilities are recognized for the tax consequences attributable to differences between the financial statement carrying amounts of assets and liabilities and their respective tax bases. The future tax assets and liabilities are calculated using substantively enacted tax rates that will be in effect when the differences are expected to reverse.

f) Derivatives

Derivatives are used to manage Alberta Central's exposure to interest rate risks associated with on-balance sheet financial instruments. These derivatives are treated as hedges for accounting purposes. Alberta Central formally documents all relationships between hedging instruments and hedged items, as well as its risk management objective and strategy for undertaking various hedge transactions. Alberta Central also formally assesses, both at the hedge's inception and on an ongoing basis, whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in fair values or cash flows of hedged items. Gains and losses from derivatives are recognized in earnings in the same period as income or expense from the hedged position.

1. Significant accounting policies (continued)

g) Measurement uncertainty

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of income and expenses during the period. Actual results could differ from those estimates.

h) Variable interest entities

The Canadian Institute of Chartered Accountants ("CICA") Accounting Guideline 15 ("AcG 15") "Consolidation of Variable Interest Entities" ("VIEs") provides guidance for applying the principles in CICA Handbook Section 1590 "Subsidiaries" to VIEs. AcG 15 defines a VIE as an entity which either does not have sufficient equity at risk to finance its activities without additional subordinated financial support or where the holders of equity at risk lack the characteristics of a controlling financial interest. AcG 15 defines the Primary Beneficiary as the entity that is exposed to a majority of the VIE's expected losses or is entitled to a majority of the VIE's expected residual returns, or both. The Primary Beneficiary is required to consolidate the VIE.

As a result of applying AcG 15, it was determined that CUETS, one of Alberta Central's proportionately consolidated joint ventures, is the primary beneficiary of CUETS Acquiring Inc. and therefore CUETS Acquiring Inc. is consolidated with CUETS.

i) Future accounting changes

In January 2005, the CICA issued three new standards: *Financial Instruments – Recognition and Measurement, Hedges and Comprehensive Income.* The standards become effective for Alberta Central on January 1, 2007.

The standards require that all financial assets be classified as held for trading, available for sale, held to maturity or loans and receivables. All financial liabilities must be classified as held for trading or other financial liabilities. All financial assets, including all derivatives, are required to be measured at fair value with the exception of loans and receivables and investments intended to be held to maturity which should be measured at amortized cost. All financial liabilities that are derivatives or held for trading are required to be measured at fair value. Other financial liabilities should be measured at cost.

Changes in the fair value of held for trading securities and liabilities will be reported in earnings, while changes in the fair value of available for sale securities will be reported within other comprehensive income, until the financial asset is disposed of, or becomes impaired.

Other comprehensive income will be included on the consolidated balance sheet as a separate component of members' equity and will include unrealized gains and losses on available for sale securities and unrealized gains and losses on cash flow hedging instruments.

The impact of remeasuring certain financial instruments at fair value on January 1, 2007 will be recognized in opening retained earnings and opening other comprehensive income as appropriate. Results for prior periods will not be restated.

OSFI has issued Guideline D-10 *Accounting for Financial Instruments Designated as Fair Value Option* which provides application guidance in designating a financial instrument as held for trading upon initial recognition. The guideline provides further recognition and measurement criteria and disclosure requirements that are consistent with international accounting standards.

2. Securities

(thousands of dollars)	2006	2005
Government	$ 144,083	$ 278,229
Corporate	1,240,153	1,028,688
Credit Union Central of Canada	3,685	3,682
Mortgage pooling funds	4,810	3,598
	1,392,731	1,314,197
Accrued interest receivable	14,380	9,724
	$ 1,407,111	$ 1,323,921

Securities are net of a non-specific allowance of $nil (2005 – $160).

In accordance with the National Liquidity Fund Agreement, $213,093 (2005 – $198,219) of these investments are maintained in a segregated safekeeping account.

Alberta Central has a contractual obligation to provide capital and liquidity support for credit card receivables held by Concentra Financial Services Association. As at December 31, 2006, $110,234 (2005 – $100,234) of the above investments were made under this agreement.

3. Loans

(thousands of dollars)	2006	2005
Credit unions	$ 65,098	$ 80,904
Cooperatives	1,359	1,169
Commercial loans and mortgages	81,770	71,121
Celero Solutions (Note 8)	17,904	17,904
Employee mortgages	6,254	8,211
	172,385	179,309
Less: non-specific allowance	(615)	(615)
	171,770	178,694
Accrued interest receivable	426	365
	$ 172,196	$ 179,059

4. Capital assets

(thousands of dollars)			2006	2005
	Cost	Accumulated depreciation	Net book value	Net book value
Equipment	$ 5,185	$ 4,736	$ 449	$ 862
Operating software and development costs	15,680	11,006	4,674	5,788
Leasehold improvements	4,829	3,965	864	887
Furniture and fixtures	2,879	2,001	878	1,038
	$ 28,573	$ 21,708	$ 6,865	$ 8,575

5. Members' deposits

(thousands of dollars)	2006	2005
Current accounts and demand deposits	$ 91,037	$ 77,750
Money market deposits	431,291	424,422
Statutory liquidity deposits	874,075	740,273
	1,396,403	1,242,445
Accrued interest payable	13,155	8,814
	$ 1,409,558	$ 1,251,259

6. Loans and notes payable

(thousands of dollars)	2006	2005
Commercial paper	$ 49,908	$ 52,939
Credit Union Central of Canada	–	39,499
	$ 49,908	$ 92,438

Alberta Central has entered into an agreement with Credit Union Central of Canada for a line of credit to a maximum of $50 million. Pursuant to the terms of the National Liquidity Fund Agreement, Alberta Central is obliged to provide a general security interest over Alberta Central's property on demand by Credit Union Central of Canada to secure this line of credit. Amounts are due on demand and bear interest at rates established by the Credit Union Central of Canada Board of Directors. At December 31, 2006, the rate was the bank prime rate less 1.75% per annum.

Alberta Central is authorized to issue commercial paper to a maximum of $250 million.

7. Joint ventures

Alberta Central has interests in joint ventures as follows:

- CU Electronic Transaction Services – 50%, a credit card processing entity (see note 1h)
- Credit Union Payment Services – 50%, a payment processing entity

Alberta Central's proportionate share of its investments in joint ventures before inter-entity eliminations is summarized below:

(thousands of dollars)	2006	2005
Balance Sheet:		
Cash	$ 22,815	$ 16,158
Securities	11,953	11,234
Accounts receivable	6,909	5,190
Loans	1,833	1,833
Capital assets	4,828	6,305
Other assets	987	1,968
	$ 49,325	$ 42,688
Accounts payable and accrued liabilities	$ 28,539	$ 24,009
Loans and notes payable	11,234	11,234
Equity	9,552	7,445
	$ 49,325	$ 42,688
Statement of Earnings:		
Operating income	$ 43,553	$ 37,766
Operating expenses	33,805	30,062
Earnings for the year	$ 9,748	$ 7,704
Statement of Cash Flows:		
Cash flows resulting from (used in):		
Operating activities	$ 8,248	$ 19,181
Financing activities	(3,597)	(2,428)
Investing activities	2,006	609
Increase in cash resources	$ 6,657	$ 17,362

8. Equity investment

(thousands of dollars)

Alberta Central has a 33.4% direct interest in Celero Solutions (Celero) which was formed effective January 1, 2003 as a joint venture of Alberta Central and various other cooperative entities for the purpose of providing information technology services. While Celero is legally structured as a joint venture, it does not qualify as such for accounting purposes. Accordingly, Alberta Central accounts for its investment in Celero on the equity basis. Alberta Central has a further 8.5% indirect interest in Celero through its participation in the CUETS joint venture (note 7).

Alberta Central is liable in proportion to its indirect interest in Celero's 49% subsidiary Everlink, for all of Everlink's covenants and obligations under an *Asset Purchase Agreement* and ancillary agreements relating to Everlink's acquisition of switching assets. These covenants and obligations expire in 2012 and 2013 respectively. Alberta Central has entered into financing agreements with Everlink, consisting of a line of credit to a maximum of $2,000 and an authorized overdraft facility to a maximum of $6,500. Celero has provided a guarantee on these agreements in proportion to its interest in Everlink. At December 31, 2006 there were no draws against the line of credit or the authorized overdraft facility.

Celero Solutions has entered a *Software License Agreement* in respect of a new banking platform for Celero's credit union clients under which Celero is committed to pay $9,498 in software license fees over the next two years. Celero is also committed under the terms of the agreement to pay a total of $26,077 in software maintenance fees over the next nine years. Celero has entered into agreements with credit unions to recover these costs through license and fixed and variable implementation fees over the term of the agreement. Pursuant to various addendums to the *Software License Agreement,* Celero is committed to pay ancillary product license fees of $4,433 in 2007 and $13,329 in maintenance fees over the next nine years.

Celero has obligations under various agreements for equipment, licensing, maintenance and professional fees with payments aggregating $4,967 over the next five years.

Alberta Central is liable in proportion to its ownership interest in Celero, for all of Celero's covenants and obligations under these agreements.

Celero's operations are funded by loans from its owners (note 3) bearing interest at the prime rate.

At December 31, 2006, Alberta Central had a receivable of $97 from Celero (2005 – $8) in respect of operating activities. Alberta Central's share of Celero's operating loss for the year ended December 31, 2006 amounted to $1,478 (2005 – $1,945) and is included in net operating income. Alberta Central's equity investment in Celero is included in accounts payable and accrued liabilities.

9. Common share capital

Authorized – unlimited number at $5 per share.

Issued and outstanding – 32,275,285 shares (2005 – 32,502,600).

(thousands of dollars)	**2006**	2005
Balance, beginning of the year	**$ 162,513**	$ 147,732
Issued	**13,872**	14,782
Redeemed	**(9)**	(1)
Balance, end of the year	**$ 176,376**	$ 162,513

Alberta Central's bylaws require member credit unions to maintain common share capital in Alberta Central in an amount equal to one percent (1.0%) (2005 – one and one half percent (1.5%)) of each credit union's assets as at the end of the credit union's most recent fiscal year. A credit union may not redeem share capital or reduce its investment to 1.0% of its assets if it has share capital in excess of that amount.

10. Interest rate sensitivity

(thousands of dollars)

	Within 3 Months	3 to 6 Months	6 to 12 Months	1 to 3 Years	3 to 5 Years	Non-Interest Sensitive	Total
Assets							
Cash resources	$ 79,516	$ –	$ –	$ –	$ –	$ 31,401	$ 110,917
Securities	941,248	162,549	273,935	5,613	8,869	14,897	1,407,111
Loans	101,169	13,402	19,116	28,443	10,255	(189)	172,196
Other assets	–	–	–	–	–	23,818	23,818
	$ 1,121,933	$ 175,951	$ 293,051	$ 34,056	$ 19,124	$ 69,927	$ 1,714,042
Weighted average interest rate	4.21%	4.43%	4.40%	5.09%	3.88%		4.11%
Liabilities & members' equity							
Members' deposits	$ 858,972	$ 152,495	$ 330,319	$ 10,575	$ 10,000	$ 47,197	$ 1,409,558
Loans and notes payable	49,751	–	–	–	–	157	49,908
Other liabilities	–	–	–	–	–	40,130	40,130
Members' equity	176,376	–	–	–	–	38,070	214,446
	$ 1,085,099	$ 152,495	$ 330,319	$ 10,575	$ 10,000	$ 125,554	$ 1,714,042
Weighted average interest rate	4.27%	4.20%	4.10%	4.12%	2.71%		3.91%
Total interest rate sensitivity gap	$ 36,834	$ 23,456	$ (37,268)	$ 23,481	$ 9,124	$ (55,627)	$ –
Cumulative interest rate sensitivity gap	$ 36,834	$ 60,290	$ 23,022	$ 46,503	$ 55,627	$ –	$ –

Alberta Central uses gap analysis and simulation modeling to monitor and manage interest rate risk. Gap analysis measures the difference between the amount of assets and liabilities that re-price in a particular time period.

Alberta Central's interest rate sensitivity position as at December 31, 2006, as presented above, is based upon the contractual repricing and maturity dates of assets and liabilities. The table shows the cumulative gaps at various intervals.

(thousands of dollars)	**2006**		2005	
	Book Value	**Fair Value**	Book Value	Fair Value
Securities	**$ 1,407,111**	**$ 1,407,288**	$ 1,323,921	$ 1,320,611
Loans	**172,196**	**172,196**	179,059	179,830
Members' deposits	**1,409,558**	**1,409,650**	1,251,259	1,249,798
Loans and notes payable	**49,908**	**49,907**	92,438	92,435

Estimated fair value represents the value of these instruments based on interest rates in effect at the balance sheet date.

11. Operating income and operating expenses

(thousands of dollars)	2006	2005
Operating income		
Financial services	$ 9,760	$ 9,072
Credit card processing	35,634	29,447
Member dues	2,907	2,882
Other	4,102	4,083
	$ 52,403	$ 45,484
Operating expenses		
Personnel	$ 23,347	$ 21,317
Property and equipment	4,342	4,440
Administration and other	14,729	13,799
Organization	1,684	1,825
	$ 44,102	$ 41,381

12. Off-balance sheet financial instruments

(thousands of dollars)	2006	2005
Financial instruments whose contract could represent credit risk:		
Commitments to extend credit	$ 975,171	$ 863,083
Standby letters of credit and financial guarantees	8,885	5,251
Financial instruments whose notional amounts do not represent credit risk:		
For own account	$ –	$ 8,000
As intermediary	1,272,862	813,021

Settlement of Alberta Central's financial instruments held for its own account at year end would result in a net receivable of $nil (2005 – $2,096).

13. Dividends

(thousands of dollars)

Share capital dividends of $9,871 (2005 – $4,485) were calculated using members' minimum monthly common share capital account balances and the average monthly prime interest rate (2005 – average monthly prime interest rate less 1.50%).

Patronage dividends of $4,000 (2005 – $3,339) were calculated using a formula based on the usage of products and services provided by Alberta Central and its joint ventures.

14. Income taxes

The combined federal and provincial statutory income tax rate applicable to Alberta Central is 20.6% (2005 – 21.04%). Income taxes calculated at the statutory rate differ from the provision included in the statement of earnings for the following reasons:

(thousands of dollars)	2006	2005
Income taxes at the statutory rate	$ 3,855	$ 2,348
Increase in income taxes resulting from:		
Tax and rate differential on proportionately consolidated entities	871	–
Tax not recognized on loss from subsidiary of equity investment	17	175
Tax on large corporations	–	120
Other	(107)	371
Provision for income taxes	$ 4,636	$ 3,014

15. Commitments

(thousands of dollars)

Alberta Central has the following operating lease commitments for premises:

2007	$	3,122
2008		2,916
2009		2,748
2010		2,748
2011		2,748
	$	14,282

16. Pension plans

(thousands of dollars)

Alberta Central contributes annually to a defined contribution pension plan for employees. The annual pension expense of $902 (2005 – $834) is included in personnel expense.

17. Directors' remuneration

(thousands of dollars)		**2006**		2005
Remuneration paid to directors	**$**	**134**	$	135
Expenses paid on behalf of directors		**127**		99
	$	**261**	$	234

18. Comparative figures

Certain of the 2005 comparative figures have been reclassified to conform to the current year's presentation.

Alberta Central Five Year Review

BALANCE SHEET

As at December 31
(thousands of dollars)

	2006	2005	2004	2003	2002
Assets					
Cash and securities	**$ 1,518,028**	$ 1,374,380	$ 1,076,098	$ 936,779	$ 1,101,367
Loans	**172,196**	179,059	182,336	190,576	126,757
Other	**23,818**	22,416	37,809	32,883	46,099
Total Assets	**$ 1,714,042**	$ 1,575,855	$ 1,296,243	$ 1,160,238	$ 1,274,223
Liabilities and Equity					
Deposits and notes	**$ 1,459,466**	$ 1,343,697	$ 1,084,984	$ 978,429	$ 1,103,728
Other	**40,130**	37,813	36,297	19,009	24,386
Equity	**214,446**	194,345	174,962	162,800	146,109
Total Liabilities and Equity	**$ 1,714,042**	$ 1,575,855	$ 1,296,243	$ 1,160,238	$ 1,274,223

STATEMENT OF EARNINGS AND RETAINED EARNINGS

For the years ended December 31
(thousands of dollars)

	2006	2005	2004	2003	2002
Financial income	**$ 65,643**	$ 43,402	$ 33,869	$ 40,492	$ 36,956
Financial expenses	**51,389**	33,008	24,588	30,635	30,383
Net financial income before provision for losses	**14,254**	10,394	9,281	9,857	6,573
Provision for (recovery of) credit and investment losses	**(160)**	–	(249)	330	100
Net financial income	**14,414**	10,394	9,530	9,527	6,473
Operating income	**52,403**	45,484	41,380	43,940	59,748
Operating expenses	**44,102**	41,381	42,007	42,453	57,688
Net operating income	**8,301**	4,103	(627)	1,487	2,060
Earnings before gain on sale	**22,715**	14,497	8,903	11,014	8,533
Gain on sale	**–**	–	–	–	3,875
Earnings before patronage dividends and income taxes	**22,715**	14,497	8,903	11,014	12,408
Patronage dividends	**4,000**	3,339	3,000	3,000	2,620
Earnings before income taxes	**18,715**	11,158	5,903	8,014	9,788
Income taxes	**4,636**	3,014	1,528	2,103	2,200
Earnings for the year	**14,079**	8,144	4,375	5,911	7,588
Retained earnings, beginning of year	**31,832**	27,230	25,629	22,909	17,770
	45,911	35,374	30,004	28,820	25,358
Share dividends	**(9,871)**	(4,485)	(3,514)	(4,141)	(3,196)
Recovery of income tax on share dividends	**2,030**	943	740	950	747
Retained earnings, end of year	**$ 38,070**	$ 31,832	$ 27,230	$ 25,629	$ 22,909

Alberta Credit Unions Five Year Review

BALANCE SHEET

As at October 31
(millions of dollars)

	2006	2005	2004	2003	2002
Assets					
Cash and securities	$ 1,893	$ 1,631	$ 1,512	$ 1,400	$ 1,476
Loans	10,648	9,090	8,153	7,467	6,568
Other	233	197	178	164	145
	$ 12,774	$ 10,918	$ 9,843	$ 9,031	$ 8,189
Liabilities and Equity					
Member deposits and borrowings	$ 11,775	$ 10,018	$ 9,067	$ 8,334	$ 7,592
Other	79	66	55	39	34
Equity	920	834	721	658	563
	$ 12,774	$ 10,918	$ 9,843	$ 9,031	$ 8,189

STATEMENT OF EARNINGS AND RETAINED EARNINGS

For the years ended October 31
(millions of dollars)

	2006	2005	2004	2003	2002
Financial income	$ 642	$ 523	$ 491	$ 489	$ 449
Financial expenses	280	218	211	213	198
Net financial income before provisions	362	305	280	276	251
Provision for losses	8	8	9	10	8
Net financial income	354	297	271	266	243
Other Income	103	100	88	81	73
Gross margin	457	397	359	347	316
Operating expenses	317	292	269	260	239
Earnings before patronage dividends and income taxes	140	105	90	87	77
Patronage dividends	30	25	21	21	20
Earnings before income taxes	110	80	69	66	57
Income taxes	27	20	16	15	13
Earnings for the year	83	60	53	51	44
Retained earnings, beginning of year	325	282	247	211	181
Share dividends and redemptions	(27)	(22)	(20)	(17)	(17)
Recovery of income taxes	6	5	2	2	3
Retained earnings, end of year	$ 387	$ 325	$ 282	$ 247	$ 211

STATISTICAL	2006	2005	2004	2003	2002
Members	664,392	651,843	638,499	636,973	623,112
Staff (FTE)	2,943	2,723	2,633	2,589	2,489
Branches	209	208	205	201	196
ATMs	233	239	228	224	204

BOARD OF DIRECTORS

G. Penny Reeves
Region A
Chair

Rene Dumas
Region D
First Vice Chair

Rod Banman
Region B
Second Vice Chair

Greg Nail
South Region
Secretary

Randy Harper
Region C
Fifth Executive
Committee Member

Marcel Chorel
South Region

Ray Coates
North Region

Terry Cooper
Region C

Cam Durham
North Region

Bruno Friesen
Region B

Dave Munro
North Region

Jack Paterson
South Region

Bill Purdy
Region A

Jim Scopick
President & CEO

EXECUTIVE MANAGEMENT

Barry Johnson
Executive
Vice President

Graham Wetter
Senior Vice President &
General Counsel

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Don Gregorski
Vice President,
Payment Services

Paul Rossmann
Vice President,
Administration

Dick Williams
Vice President,
Financial Services

MANAGEMENT TEAM

Pat Dolan
Assistant Vice President, Treasury

Anne Gillespie
Assistant Vice President
& Controller

Susan Greenaway
Corporate Secretary

Judy Hammond
Assistant Vice President,
Payment Services

Mark McLeod
Assistant Vice President,
Audit Services

Karen Niven
Assistant Vice President,
Electronic Payments

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